

CIRCULAR }
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Section

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I. ARMY EXCHANGE SERVICE.—Circular No. 57, War Department, 1944, as amended by section I, Circular No. 293, 1944, is further amended as follows:

1. The heading of section VI is changed to read "Standard operating procedure, liquidations," and the heading "VII—Standard operating procedure, complete liquidation," is deleted.

2. Paragraphs 9, 14, 22, 23, 24, 25a (11), (16), (17), (19), and (21), and 25b (2), (3), and (8), are rescinded and the following substituted therefor:

9. Pursuant to the authority contained in paragraph 11c, AR 210-65, the average net profit on sales of exchanges for each three consecutive months including the current month will not be permitted to exceed 6 percent, nor should it be less than 3½ percent.

14. Subject to specific directives of the Chief of Army Exchange Service, the commanding general of a service command is vested with complete authority to make final disposition of all Army Exchange Service property in such manner and at such prices as he deems appropriate. No contracts will be made, however, for the disposition of exchange assets which are not immediately available for sale in specific quantities.

22. a. The commanding general of the service command will direct a partial or complete liquidation of an exchange whenever, by reason of a decrease in personnel present at any post, camp, station, or installation, the assets of the exchange are greater than required for operation on the reduced basis. In determining whether the liquidation of an exchange should be partial or complete, the classification of the installation will govern. If such classification, using definitions contained in paragraph 2c, Circular No. 306, War Department, 1944, is inactive or surplus, a complete liquidation will be accomplished in accordance with the instructions set forth in Circular No. 57, War Department, 1944, as amended by this circular even though a small complement may be stationed there for caretaking or similar purposes.

b. If the commanding officer of the complement determines that an exchange is necessary, a new exchange may be activated, as provided in paragraph 4, AR 210-65, 1 June 1944.

c. When an installation is classified as inactive, the commanding general of the service command will determine whether any or all of the equipment of the exchange is to be removed, sold, or left at the installation.

d. Equipment of an exchange at an installation which is classified as surplus will be disposed of in accordance with the provisions of Circular No. 57, War Department, 1944, as amended by this circular.

e. Equipment of an exchange which is partially liquidating will not be removed or sold until determination has been made by the commanding general of the service command that the decrease in strength is permanent.

f. After a partial liquidation, all surplus exchange equipment, and after a complete liquidation, all equipment to be left at a post, camp, station, or installation for future use are the property of Army Exchange Service and will be so marked.

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Copy furnished Deputy Director of Intelligence & Assistant
Chief of Staff, G-4. ** Sec III rescinded by sec II, WFO
cir 155 (8 May 45) Ser Case a69386.3 (3 May 45)*

g. The commanding general of the service command will prepare a list of all assets belonging to Army Exchange Service which are left at a post, camp, station, or installation for future use, giving the description, location, condition, age, serial number if any, estimated cash value, etc., of each asset. Post commanders will be responsible to Army Exchange Service for such assets and will forward to the Chief, Army Exchange Service, a certified list thereof.

h. The commanding general of the service command will arrange for necessary maintenance of all assets belonging to Army Exchange Service and left at a post, camp, station, or installation for future use. Such arrangement, whenever possible, will be made with the post engineer. Costs of maintenance, if any, of assets belonging to Army Exchange Service will be paid by the Army Exchange Service.

i. If an exchange at an installation classified as inactive is reestablished, Army Exchange Service will transfer, without cost to such exchange, all or any part of the exchange assets left at such installation for future use.

j. If an installation which is classified as inactive subsequently is classified as surplus, the exchange assets retained at such installation will be disposed of in accordance with the provisions of Circular No. 57, War Department, 1944, and this circular. The commanding general of the service command will notify the Chief of Army Exchange Service of such change in classification.

23. **Partial liquidation.**—Whenever a partial liquidation occurs, the commanding general of the service command will make sure that the following are accomplished by post commanders:

a. Terminate operation of outlets not necessary to maintenance of service to remaining troops.

b. Reduce personnel and other expenses to conform to decreased sales. Forward to the commanding general of the service command applications for employment (AES Personnel Form No. 2) of trained and experienced civilian personnel who desire to continue in exchange work. The commanding general of the service command will send briefs of application to other exchanges and to the Chief of Army Exchange Service in the case of persons willing to transfer to other service commands or overseas.

c. Reduce merchandise inventory as expeditiously as practicable to a point consistent with revised troop strength.

d. Cancel, if possible, that portion of merchandise and equipment "on order" which will not be required under revised troop strength.

e. Sell assets no longer required (see par. 22e) to other exchanges or other War Department agencies. Assets which cannot be disposed of in this manner and merchandise and unused (new) equipment for which arrangements for return to vendors cannot be concluded may, with the approval of the commanding general of the service command, be sold to civilians in the local trading area. Granting such authority to the exchange to make sales of all or part of the remaining unsold assets at the post level will depend upon such factors as the condition of the merchandise and equipment, as for example, broken lots, packing, case goods, the cost of shipping to the exchange distribution center, anticipated need for merchandise and equipment in Army exchanges, time available for completion of liquidation, and the ability of the local market to absorb the merchandise and equipment. Negotiated sales will not be used as a method of disposition of such assets. Authority to sell such assets at the post level will not be construed to eliminate the alternative of sending the merchandise and equipment to the exchange distribution center, whenever it is deemed by the commanding general

of the service command that bids received do not justify sales at the post level. Advertising and other publicity to civilians will include the following statement: "Merchandise, supplies, and equipment offered for sale are not Government property." Whenever sales to civilians in the local trading area are impractical, assets may, with the approval of the commanding general of the service command, be sent on a consignment basis to a distribution center. All sales must be made in conformity with priority or rationing rules established by appropriate governmental agencies. Collect ration currency where required. The distribution center will charge a reasonable commission for services rendered and expenses incurred in effecting consignment sales. Such fees will be applied against the cost of maintaining the distribution center. Whenever a distribution center sells such assets of an exchange, the proceeds will be remitted monthly to the exchange, together with a statement of the transaction so that the books of account of the exchange will reflect such sales.

24. The amount of net working capital to be retained by a partially liquidating exchange will be determined in accordance with the provisions of paragraph 15, AR 210-65, 1 June 1944. The commanding general of the service command will determine which fixed assets will be liquidated and which will be retained.

25. **Complete liquidation.**—In supervising liquidations pursuant to paragraph 7, AR 210-65, the commanding general of service command, upon receipt of notice that an exchange is to be liquidated, will designate a representative or representatives of his headquarters to supervise each liquidation. This is to insure the speed in liquidation which is essential to the conservation of the assets of the exchange. The following procedures contemplate that the closing of an exchange will be followed promptly by a cessation of operating expenses, and it will be the responsibility of the commanding general of service command to insure that the following essential procedures are taken:

a. Prior to closing.

- (11) Release employees as sales volume and number of outlets decrease. Process applications for employment of trained and experienced personnel as outlined in paragraph 23b.
- (16) Sell merchandise and equipment to other exchanges or other War Department agencies for immediate delivery or for prompt delivery after closing. See paragraph 22c and d.
Note.—Rationed items may be sold to other exchanges without exchange of ration currency.
- (17) Subject to the approval of the commanding general of the service command, sell for cash to civilians in the local trading area as many of the assets of the exchange as practicable that have not been sold to other exchanges or other War Department agencies or for which arrangements for return (of merchandise and unused (new) equipment) to vendors cannot be concluded. Granting such authority to the exchange to make sales of all or part of the remaining unsold assets at the post level will depend upon such factors as the condition of the merchandise and equipment, as for example, broken lots, packing, case goods, the cost of shipping to the exchange distribution center, anticipated need for merchandise and equipment in Army exchanges, time available for completion of liquidation, and the ability of the local market to absorb the merchandise and equipment. Negotiated sales will not be used as a method of disposition of such assets. Authority to sell such assets

at the post level will not be construed to eliminate the alternative of sending the merchandise and equipment to the distribution center, whenever it is deemed by the commanding general of the service command that the bids received do not justify sales at the post level. Advertising and other publicity to civilians will include the following statement: "Merchandise, supplies, and equipment offered for sale are not Government property." All sales must be made in conformity with priority or rationing rules established by appropriate governmental agencies. Collect ration currency where required and remit to headquarters service command, together with all other ration currency balances.

- (19) If any of the assets of the exchange are United States Government securities, dispose of such securities in accordance with the instructions contained in section IV, Circular No. 263, War Department, 1944.
- (21) Subsequent to the receipt of notification of liquidation, payment of dividends will be governed as follows:
 - (a) Dividends will be paid as required by paragraph 15, AR 210-65, based upon the balance sheet of the exchange on the 25th day of the month preceding notice of liquidation.
 - (b) No dividends will be paid based upon balance sheets for dates subsequent to the notice of liquidation; the provisions of paragraph 15, AR 210-65, do not apply.

b. After closing of last retail outlet.

- (2) Inventory, assemble, ship, and invoice at the cost as shown on the books of exchange all remaining merchandise, supplies, and fixed assets having any salable value, except equipment left at an installation in accordance with paragraph 22c, to the appropriate distribution center, sending a copy of the invoice to the distribution center and to Army Exchange Service.
- (3) Complete disposition of exchange owned securities in accordance with the instructions contained in section IV, Circular No. 263, War Department, 1944.
- (8) Dispose of records in accordance with the provisions of paragraph 24h, AR 210-65, 1 June 1944.

[A. G. 331.3 (4 Aug 44).]

II..GAS CYLINDER.—Pending the printing of changes in AR 850-60, so much of the 11th line of paragraph 6 of those regulations as reads "Serial numbers must be given on the bill of lading" is deleted.

[A. G. 457.1 (26 Aug 44).]

III..WAR TROPHY.—1. In order to improve the morale of the forces in the theaters of operations, the retention of war trophies by military personnel and merchant seamen and other civilians serving with the United States Army overseas is authorized under the conditions set forth in the following instructions. Retention by individuals of captured equipment as war trophies in accordance with the instructions contained herein is considered to be for the service of the United States and not in violation of the 79th Article of War.

2. War trophies will be taken only in a manner strictly consistent with the following principles of international law:

a. Article 6 of the Geneva (Prisoners of War) Convention of 1929 (par. 79, FM 27-10; Ch. 6, TM 27-251 (p. 69)) provides:

All effects and objects of personal use—except arms, horses, military equipment, and military papers—shall remain in the possession of prisoners of war, as well as metal helmets and gas masks.

Money in the possession of prisoners may not be taken away from them except by order of an officer and after the amount is determined. A receipt shall be given. Money thus taken away shall be entered to the account of each prisoner.

Identification documents, insignia of rank, decorations, and objects of value may not be taken from prisoners.

b. Metal helmets and gas masks may be taken from prisoners by the proper authorities when prisoners have reached a place where they are no longer needed for protection.

c. Article 3 of the Geneva (Red Cross) Convention of 1929 (par. 176, FM 27-10; Ch. 7, TM 27-251 (p. 131)) provides:

After every engagement, the belligerent who remains in possession of the field of battle shall take measures to search for the wounded and the dead and to protect them from robbery and ill treatment.

d. The taking of decorations, insignia of rank, or objects of value either from prisoners of war or from the wounded or dead (otherwise than officially for examination and safe keeping) is a violation of international law. There is nothing unlawful, however, in a soldier of our Army picking up and retaining small objects found on the battlefield, or buying articles from prisoners of war, of the sort, which, under the articles quoted, it is unlawful for him to take from a prisoner, the wounded, or the dead. In view of the practical difficulty of determining in a particular case whether an object has been acquired from a prisoner by coercion or otherwise obtained in a manner contrary to international law, commanding officers will take appropriate measures to prevent violation or evasion of either the letter or spirit of the conventions. Under no circumstances may war trophies include any item which in itself is evidence of disrespectful treatment of enemy dead.

3. a. With the exceptions noted in b below, military personnel returning to the United States from theaters of operations may be permitted to bring back small items of enemy equipment which have not been obtained in violation of the articles of the Geneva Convention as quoted in paragraph 2.

b. The following items are prohibited:

- (1) Nameplates. (These will not be removed from captured equipment except by authorized military personnel.)
- (2) Items which contain any explosives.
- (3) Items of which the value as trophies, as determined by the theater commander, is outweighed by their usefulness in the service or for research or training purposes in the theaters of operations or elsewhere, or by their value as critical scrap material.

4. When military personnel returning to the United States bring in trophies not prohibited above, each person must have a certificate in duplicate, signed by his superior officer, stating that the bearer is officially authorized by the theater commander, under the provisions of this circular, to retain as his personal property the articles listed on the certificate. The signed duplicate certificate will be taken up by the Customs Bureau; the original will be retained by the bearer.

5. Military personnel in theaters of operations may be permitted to mail like articles to the United States, except that mailing of firearms capable of being concealed on the person is prohibited. (See sec. II, Cir. 243, WD, 1943.) Parts of firearms mailed in circumvention of this prohibition are subject to confiscation by postal authorities. Parcels mailed overseas which contain captured matériel

must contain also a certificate in duplicate, signed by the sender's superior officer, that the sender is officially authorized by the theater commander to mail the articles listed on the certificate. The Customs Bureau will take up the signed duplicate certificate and leave the original inside the parcel.

6. Merchant seamen who desire to bring or mail back war trophies to the United States as souvenirs may secure the required authorizing certificate in duplicate from United States Army officers on duty at oversea ports. Certificates will not be issued for items the retention of which is restricted by paragraphs 2 and 3, or for any enemy military firearms. Such certificates will be indorsed by the merchant seaman concerned with his signed statement that the articles are not being taken or mailed to the United States for sale purposes.

7. United States civilians serving with the United States Army overseas who desire to bring back or mail back war trophies to the United States as souvenirs may secure the required authorizing certificate in duplicate from the United States Army officers under whom they are serving. Certificates will not be issued for items the retention of which is restricted by paragraphs 2 and 3, or for any enemy military firearms. Such certificates will be indorsed by the civilian concerned with his signed statement that the articles are not being taken or mailed to the United States for sale purposes.

8. Captured enemy army material otherwise brought or shipped to the United States will be seized by the Customs Bureau and released to the commanding general of the nearest port of debarkation for shipment as follows: Ordnance items will be shipped to Aberdeen Ordnance Depot, Aberdeen Proving Ground, Maryland, or to Ogden Ordnance Depot, Ogden, Utah, whichever is nearer; all other items will be shipped to Washington Quartermaster Depot, Cameron, Virginia, or to California Quartermaster Depot, Oakland, California, whichever is nearer. The commanding officers of these depots will report the receipt of confiscated items to the Chief of Ordnance or The Quartermaster General, as appropriate, who will forward such reports to the Commanding General, Army Service Forces. Captured equipment which is confiscated at a customs office in the interior of the United States will be turned over to the nearest Army post commander and will be reported by him to the Commanding General, Army Service Forces, who will issue instructions for its disposition.

9. Any enemy naval matériel confiscated by the Customs Bureau will be disposed of by the Customs Bureau as directed by the Navy.

10. Items of enemy aeronautical matériel will be shipped to the Commanding General, Matériel Command, Wright Field, Dayton, Ohio, Attention: Technical Data Laboratory. Notification of the shipment, to include a description of the items shipped, will be mailed to the Assistant Chief of Air Staff, Intelligence, War Department, Washington 25, D. C.

11. Weight of war trophies included in baggage of returning military personnel and civilians, when such baggage is to be shipped to the United States at Government expense, must come within limitations prescribed by current regulations. The following allowances are authorized by letter AG 524 (18 Aug. 44) OB-S-SPMOT-M, 20 August 1944, subject, "Processing of baggage from overseas," for shipment by water:

a. Each officer will be authorized not to exceed 25 pounds of baggage in addition to the weight of clothing, equipment, and personal baggage authorized at the time of his original oversea movement.

b. In addition to the clothing and equipment authorized in movement or travel orders of individuals returning to the United States, each enlisted man and

civilian will be authorized not to exceed 25 pounds of baggage for personal items and captured material trophies.

12. Section VIII, Circular No. 217, War Department, 1944, pertaining to the foregoing subject, is rescinded.

[A. G. 386.3 (21 Aug 44).]

BY ORDER OF THE SECRETARY OF WAR:

G. C. MARSHALL,
Chief of Staff.

OFFICIAL:

J. A. ULIQ,
Major General,
The Adjutant General.